

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-11 ARA-10 /102 W

-----108202 032226Z /66

P 032057Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 6774

INFO AMEMBASSY MEXICO

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 03406

USMTN
ACTION STR

STR PASS CODEL

EO 11652:N/A

TAGS: MTN, ETRD, MX

SUBJECT: BILATERAL MEETING WITH MEXICO AND US OFFER.

1. SUMMARY: MTN DEL HELD BUSINESS LIKE SESSION WITH
MEXICAN DEL ON FEBRUARY 23. AGREEMENT WAS REACHED ON
BROAD OUTLINES OF A WORK PROGRAM UNDER WHICH THE US AND
MEXICAN OFFERS AND REQUESTS WOULD BE CLARIFIED DURING THE
MONTH OF MARCH LEADING TO NEGOTIATIONS DURING APRIL AND
MAY. MEXICO INDICATED THAT IT'S INITIAL OFFER AND INDUS-
TRIAL TARIFF REQUEST WOULD BE TABLED IN GENEVA AROUND
MARCH 15. MEXICO ALSO AGREED TO RENOTIFY UNSATISFIED TP
REQUEST UNDER GROUP AGRICULTURE PROCEDURES. END SUMMARY.

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2. MTN DEL (GRAEF, WALLAR, SWAIN, KNEPPER, MALISH) MET
WITH MEXICAN DEL (DELGADO, ALVAREZ, DE LA PINA) ON
FEBRUARY 23. DRAWING FROM A SURVEY OF 1976 US IMPORTS
IDENTIFYING ITEMS ON WHICH MEXICO HAD A 5 PERCENT OR
GREATER SHARE OF US IMPORTS OF AT LEAST \$100,000 MTN DEL
INDICATED THAT US OFFER COVERED MEXICAN TRADE AS FOLLOWS:
FULL AUTHORITY UNDER THE TRADE ACT APPLIED ON PRODUCTS

TOTALLING 593 MILLION; FORMULA OR GREATER THAN FORMULA OFFERS ON 474 MILLION; LESS THAN FORMULA ON 105 MILLION; AND EXCEPTIONS ON 183 MILLION. IN ADDITION MTN DEL INDICATED THAT FULL REDUCTIONS HAD BEEN OFFERED ON 71 ITEMS IN WHICH MEXICO WAS A FIRST SUPPLIER, AND FORMULA REDUCTIONS ON 36 ITEMS. THE OFFERS ON PRODUCTS FOR WHICH MEXICO WAS THE SECOND SUPPLIER RAISED THE TOTAL TO 141 ITEMS COVERING \$707 MILLION ON WHICH FULL AUTHORITY OR FORMULA REDUCTIONS ARE OFFERED. RESPONSES TO MEXICO'S AGRICULTURAL REQUESTS ARE STILL UNDER CONSIDERATION IN WASHINGTON.

3. FYI AMEMBASSY MEXICO: FIGURES CITED ABOVE ARE BASED ON CONFIDENTIAL OFFER WHICH IS CLASSIFIED GATT SECRET AND, DUE TO SENSITIVITY, SHOULD NOT BE CITED IN CONVERSATIONS WITH PRESS AND PRIVATE SECTOR CONTACTS. END FYI.

4. DELGADO REQUESTED CLARIFICATION TO THE HEADNOTE OF THE US OFFER WITH RESPECT TO THE CONDITIONS IT SET TO SUBSIDIES, AND TEXTILES. MTN DEL RESPONDED BY REVIEWING THE STATUS OF OUR DISCUSSION WITH THE EC ON SUBSIDIES AND INDICATED THE UNOFFICIAL BELIEF THAT TEXTILE TARIFF REDUCTIONS WOULD NOT BE IMPLEMENTED WITHOUT SOME LINK TO THE SUCCESSFUL OPERATION OF AN INTERNATIONAL ARRANGEMENT ON TEXTILES.

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5. IN RESPONSE TO QUESTIONS BY MTN DEL, DELGADO INDICATED THAT EXTENSIVE WORK HAD BEEN UNDERTAKEN IN MEXICO TO PREPARE A REQUEST TO THE US WHICH HE EXPECTED WOULD BE READY FOR TABLING BY MARCH 15. HE FURTHER INDICATED THAT MEXICO WAS PREPARING A PRELIMINARY RESPONSE TO US REQUESTS WHICH WOULD BE BASED ON RECENT IMPORT LIBERALIZATION TAKEN BY MEXICO IN DECEMBER '77. ALTHOUGH GRATEFUL FOR THESE PREPARATIONS MTN DEL CAUTIONED THAT MORE WAS EXPECTED OF MEXICO THAN IT'S SEEKING CREDIT FOR ACTIONS IT HAD ALREADY TAKEN. DELGADO ALSO SOUGHT CLARIFICATION ON OUR ATTITUDE TOWARD PLURI-LATERAL CONSULTATIONS. HE EXPLAINED THAT IT WOULD BE NECESSARY TO INCLUDE CANADA IN DISCUSSION OF AGRICULTURE ITEMS. MTN DEL RESPONDED THAT PLURI-LATERAL CONSULTATIONS WOULD LIKELY TO BE APPROPRIATE AFTER SUFFICIENT BILATERAL DISCUSSIONS.

6. DELGADO ALSO IMPLIED THAT MEXICO WOULD ALSO DISCOUNT OFFERS MADE ON ITEMS UNDER WHICH TRADE WAS 806.30 OR 807. WE COUNTERED BY NOTING THAT DUTY REDUCTION ON THESE ITEMS WAS IN MANY CASES TO FREE, THAT SUCH REDUCTIONS GIVES MEXICO INDEPENDENCE IN SOURCING COMPONENTS, AND IN ANY EVENT DUTY REDUCTIONS WOULD REDUCE DUTY PAID ON VALUE ADD-

ED. DELGADO ALTHOUGH SURPRISED BY US OFFER MADE ON TEXTILE PRODUCTS ALSO INDICATED THAT A RIDER ON TEXTILE DUTY REDUCTION INSURING THE MFA WOULD MAKE THEM LESS VALUABLE. MTN DEL COUNTERED THAT DUTY REDUCTIONS WOULD LIKELY RESULT IN REVENUE TRANSFER AND COULD INSURE THAT QUOTAS CURRENTLY UNFILLED MIGHT BE MET.

7. IN A BRIEF DISCUSSION ON NON-TARIFF MEASURES AND GATT ACCESSION OF MEXICO, DELGADO INDICATED THAT ALTHOUGH OUR DISCUSSIONS COULD PROCEED DURING THE APRIL/MAY PERIOD AND CONCLUSIONS SET ASIDE WHEN REACHED, MEXICO, LIKE THE US, WOULD CONDITION FULL IMPLEMENTATION OF ITS OFFERS ON PROGRESS MADE ON NON-TARIFF MEASURES. WITH RESPECT TO GATT ACCESSION HE RESTATED MEXICO'S POSITION THAT THIS LIMITED OFFICIAL USE

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WOULD BE DEPENDENT ON SATISFACTORY RESULTS IN THE FRAMEWORK GROUP. MTN DEL ACCEPTED THE VIEW THAT CONCLUSIONS REACHED WOULD BE CONDITIONED ON THE OVERALL RESULTS OF THE NEGOTIATIONS BUT STRESSED THAT GATT ACCESSION OF MEXICO WAS NECESSARY IF IT WERE TO RECEIVE SECURITY ON THE CONCESSIONS MADE TO IT. IN ADDITION WE OBSERVED THAT OUR

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INFO OCT-01 ARA-10 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 /102 W

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FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 6775
INFO AMEMBASSY MEXICO

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USMTN

ACTION STR, STR PASS CODEL

EXPECTATION WOULD BE TO HAVE MEXICO SUBSCRIBE TO ALL THE
MTN RESULTS RATHER THAN PICKING AND CHOOSING AMONG THOSE.
THE DELEGATIONS AGREED TO MEET PERIODICALLY ON NON-TARIFF
MEASURES AND FRAMEWORK ITEMS.

8. DRAFTED BY GRAEF. MCNAMARA

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